From:	Tammy Williams
To:	_Regulatory Comments
Subject:	RBC
Date:	Monday, April 27, 2015 10:27:52 AM
Attachments:	Logo.png Facebook.png YouTube.png Instagram.png Twitter.png

Mr. Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Arlington, VA 22314-3428

Re. Comment to Proposed Prompt Corrective Action: Risk Based Capital Rule
RIN 3133-AD77

Dear Mr. Poliquin:

I am an employee of Verve, a Credit Union, which serves fifteen counties in Wisconsin. We have over 47,000 Members and approximately $600 Million in assets.

As an employee and a member of a credit union, I strongly object to the revised Risk Based Capital Rule proposal. While I appreciate the changes made by NCUA to the first RBC proposal, and the willingness of the NCUA to listen to its members, I still feel that the RBC proposal is flawed for the following reasons:

1. Capital rules like the one proposed by NCUA do not have a track records of success, but yet they add to the cost of credit union operations and represent another set of rules that credit unions need to follow.

2. The credit union industry has weathered the worst financial crisis in decades remarkably well. This is due to the way that credit unions have historically done business. Credit unions, by their nature, tend to be fairly conservative and driven by being good stewards of members' money. This leads to generally conservative lending practices and less risky asset portfolios than is typical in profit-driven financial institutions. As a result, the proposed rule seems like a fairly draconian solution to a problem that does not truly exist and does not properly take into account a credit union's not-for-profit, member-owned cooperative status. Credit unions are not for-profit banks and should not be treated as such.

3. Individual credit unions assess capital adequacy using factors that impact them locally, but those vary and they can change rapidly. Credit risk is a function of underwriting, the economy, loan portfolio diversity, institutional structure, business strategy, profitability demands, time horizons, performance-monitoring capacity, funding stability and other factors. NCUA's revised RBC rule ignores these local, individual factors in favor of a one-size-fits-all risk-weighting.

4. Lastly, should the NCUA proceed with this proposed rule in its current or a similar form, a much longer timeline for implementation would be in order. This would allow

credit unions to rebalance portfolios and implement new, long-term strategies that will allow them to be successful under the new regime. While extending the original proposal till January 1, 2019 was a welcomed step, pushing the implementation back another two years would allow additional time for implementation, testing and adjusting to a new set of rules.

Thank you for the opportunity to comment on this proposed rule and for considering my views on risk based capital requirements.

Sincerely,

Tammy Williams
Verve, a Credit Union

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